

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2515

(Reference to printed bill)

Page 1, between lines 1 and 2, insert:

"Section 1. Section 15-481, Arizona Revised Statutes, is amended to read:

15-481. Override election; budget increases; notice; ballot; effect

A. If a proposed budget of a school district exceeds the aggregate budget limit for the budget year, at least ninety days before the proposed election the governing board shall order an override election to be held on the first Tuesday following the first Monday in November as prescribed by section 16-204, subsection B, paragraph 1, subdivision (d) for the purpose of presenting the proposed budget to the qualified electors of the school district who ~~shall~~ by a majority of those voting either **SHALL** affirm or reject the budget. In addition, the governing board shall prepare an alternate budget which does not include an increase in the budget of more than the amount permitted as provided in section 15-905. If the qualified electors approve the proposed budget, the governing board of the school district shall follow the procedures prescribed in section 15-905 for adopting a budget that includes the authorized increase. If the qualified electors disapprove the proposed budget, the governing board shall follow the procedures prescribed in section 15-905 for adopting a budget that does not include the proposed increase or the portion of the proposed increase that exceeds the amount authorized by a previously approved budget increase as prescribed in subsection P of this section.

B. The county school superintendent shall prepare an informational report on the proposed increase in the budget and a sample ballot and, at least forty days prior to the election, shall transmit the report and the sample ballot to the governing board of the school district. The governing board, upon receipt of the report and the ballot, shall mail or distribute

1 the report and the ballot to the households in which qualified electors
2 reside within the school district at least thirty-five days prior to the
3 election. Any distribution of material concerning the proposed increase in
4 the budget shall not be conducted by children enrolled in the school
5 district. The report shall contain the following information:

6 1. The date of the election.
7 2. The voter's polling place and the times it is open.
8 3. The proposed total increase in the budget which exceeds the amount
9 permitted pursuant to section 15-905.

10 4. The total amount of the current year's budget, the total amount of
11 the proposed budget and the total amount of the alternate budget.

12 5. If the override is for a period of more than one year, a statement
13 indicating the number of years the proposed increase in the budget would be
14 in effect and the percentage of the school district's revenue control limit
15 that the district is requesting for the future years.

16 6. The proposed total amount of revenues which will fund the increase
17 in the budget and the amount which will be obtained from a levy of taxes upon
18 the taxable property within the school district for the first year for which
19 the budget increase was adopted.

20 7. The proposed amount of revenues which will fund the increase in the
21 budget and which will be obtained from other than a levy of taxes upon the
22 taxable property within the school district for the first year for which the
23 budget increase was adopted.

24 8. The dollar amount and the purpose for which the proposed increase
25 in the budget is to be expended for the first year for which the budget
26 increase was adopted.

27 9. At least two arguments, if submitted, but no more than ten
28 arguments for and two arguments, if submitted, but no more than ten arguments
29 against the proposed increase in the budget. The arguments shall be in a
30 form prescribed by the county school superintendent, and each argument shall
31 not exceed two hundred words. Arguments for the proposed increase in the
32 budget shall be provided in writing and signed by the governing board. If

1 submitted, additional arguments in favor of the proposed increase in the
2 budget shall be provided in writing and signed by those in favor. Arguments
3 against the proposed increase in the budget shall be provided in writing and
4 signed by those in opposition. The names of those persons other than the
5 governing board or superintendent submitting written arguments shall not be
6 included in the report without their specific permission, but shall be made
7 available only upon request to the county school superintendent. The county
8 school superintendent shall review all factual statements contained in the
9 written arguments and correct any inaccurate statements of fact. The
10 superintendent shall not review and correct any portion of the written
11 arguments which are identified as statements of the author's opinion. The
12 county school superintendent shall make the written arguments available to
13 the public as provided in title 39, chapter 1, article 2. A deadline for
14 submitting arguments to be included in the informational report shall be set
15 by the county school superintendent.

16 10. A statement that the alternate budget shall be adopted by the
17 governing board if the proposed budget is not adopted by the qualified
18 electors of the school district.

19 11. The full cash value, the assessed valuation, the first year tax
20 rate for the proposed override and the estimated amount of the secondary
21 property taxes if the proposed budget is adopted for each of the following:

22 (a) An owner-occupied residence whose assessed valuation is the
23 average assessed valuation of property classified as class three, as
24 prescribed by section 42-12003 for the current year in the school district.

25 (b) An owner-occupied residence whose assessed valuation is one-half
26 of the assessed valuation of the residence in subdivision (a) of this
27 paragraph.

28 (c) An owner-occupied residence whose assessed valuation is twice the
29 assessed valuation of the residence in subdivision (a) of this paragraph.

30 (d) A business whose assessed valuation is the average of the assessed
31 valuation of property classified as class one, as prescribed by section
32 42-12001, paragraphs 12 and 13 for the current year in the school district.

1 12. If the election is conducted pursuant to subsection L or M of this
2 section, the following information:

3 (a) An executive summary of the school district's most recent capital
4 improvement plan submitted to the school facilities board.

5 (b) A complete list of each proposed capital improvement that will be
6 funded with the budget increase and a description of the proposed cost of
7 each improvement, including a separate aggregation of capital improvements
8 for administrative purposes as defined by the school facilities board.

9 (c) The tax rate associated with each of the proposed capital
10 improvements and the estimated cost of each capital improvement for the owner
11 of a single family home that is valued at eighty thousand dollars.

12 C. For the purpose of this section, the school district may use its
13 staff, equipment, materials, buildings or other resources only to distribute
14 the informational report at the school district office or at public hearings
15 and to produce such information as required in subsection B of this section,
16 provided that nothing in this subsection shall preclude school districts from
17 holding or participating in any public hearings at which testimony is given
18 by at least one person for the proposed increase and one person against the
19 proposed increase. Any written information provided by the district
20 pertaining to the override election shall include financial information
21 showing the estimated first year tax rate for the proposed budget override
22 amount.

23 D. If any amount of the proposed increase will be funded by a levy of
24 taxes in the district, the election prescribed in subsection A of this
25 section shall be held on the first Tuesday following the first Monday in
26 November as prescribed by section 16-204, subsection B, paragraph 1,
27 subdivision (d). If the proposed increase will be fully funded by revenues
28 from other than a levy of taxes, the elections prescribed in subsection A of
29 this section shall be held on any date prescribed by section 16-204. The
30 elections shall be conducted as nearly as practicable in the manner
31 prescribed in article 1 of this chapter, sections 15-422 through 15-424 and
32 section 15-426, relating to special elections, except that:

1 1. The notices required pursuant to section 15-403 shall be posted not
2 less than twenty-five days before the election.

3 2. Ballots shall be counted pursuant to title 16, chapter 4,
4 article 10.

5 E. If the election is to exceed the revenue control limit and if the
6 proposed increase will be fully funded by a levy of taxes upon the taxable
7 property within the school district, the ballot shall contain the words
8 "budget increase, yes" and "budget increase, no", and the voter shall signify
9 his desired choice. The ballot shall also contain the amount of the proposed
10 increase of the proposed budget over the alternate budget, a statement that
11 the amount of the proposed increase will be based on a percentage of the
12 school district's revenue control limit in future years, if applicable, as
13 provided in subsection P of this section and the following statement:

14 Any budget increase authorized by this election shall be
15 entirely funded by a levy of taxes upon the taxable property
16 within this school district for the year for which adopted and
17 for ____ subsequent years, shall not be realized from monies
18 furnished by the state and shall not be subject to the limitation
19 on taxes specified in article IX, section 18, Constitution of
20 Arizona. Based on an estimate of assessed valuation used for
21 secondary property tax purposes, to fund the proposed increase in
22 the school district's budget would require an estimated tax rate
23 of _____ dollar per one hundred dollars of assessed
24 valuation used for secondary property tax purposes and is in
25 addition to the school district's tax rate which will be levied
26 to fund the school district's revenue control limit allowed by
27 law.

28 F. If the election is to exceed the revenue control limit and if the
29 proposed increase will be fully funded by revenues from other than a levy of
30 taxes upon the taxable property within the school district, the ballot shall
31 contain the words "budget increase, yes" and "budget increase, no", and the

1 voter shall signify the voter's desired choice. The ballot shall also
2 contain:

3 1. The amount of the proposed increase of the proposed budget over the
4 alternate budget.

5 2. A statement that the amount of the proposed increase will be based
6 on a percentage of the school district's revenue control limit in future
7 years, if applicable, as provided in subsection P of this section.

8 3. The following statement:

9 Any budget increase authorized by this election shall be
10 entirely funded by this school district with revenues from other
11 than a levy of taxes on the taxable property within the school
12 district for the year for which adopted and for _____ subsequent
13 years and shall not be realized from monies furnished by the
14 state.

15 G. Except as provided in subsection H of this section, the maximum
16 budget increase which may be requested and authorized as provided in
17 subsection E or F of this section or the combination of subsections E and F
18 of this section is ten per cent of the revenue control limit as provided in
19 section 15-947, subsection A for the budget year.

20 H. Special budget override provisions for school districts with a
21 student count of less than one hundred fifty-four in kindergarten programs
22 and grades one through eight or with a student count of less than one hundred
23 seventy-six in grades nine through twelve are as follows:

24 1. The maximum budget increase that may be requested and authorized as
25 provided in subsections E and F of this section is the greater of the amount
26 prescribed in subsection G of this section or a limit computed as follows:

27 (a) For common or unified districts with a student count of less than
28 one hundred fifty-four in kindergarten programs and grades one through eight,
29 the limit computed as prescribed in item (i) or (ii) of this subdivision,
30 whichever is appropriate:

31 (i)

32 Small School Support Level Weight

Phase Down

1	<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u>
2		<u>Factor</u>		
3		- <u>100</u>	x1.468 + (0.0005 x	x
4	<u>\$</u>	= <u>\$</u>		
5		(500 - Student Count))		
6			Small Isolated	
7	Phase Down	Phase Down	District	
8	<u>Base</u>	<u>Reduction Factor</u>	<u>Secondary Limit</u>	
9	\$350,000	- <u>\$</u>	= <u>\$</u>	
10	(ii)			
11	Small School	Support Level Weight		Phase Down
12	Student	Student	for Small	
13		Reduction		
14	<u>Count</u>	<u>Count Limit</u>	<u>School Districts</u>	<u>Base Level</u>
15	<u>Factor</u>			
16		- <u>100</u> x	1.398 + (0.0004 x	x <u>\$</u>
17	= <u>\$</u>			
18		(500 - Student Count))		
19			Small	
20	Phase Down	Phase Down	School District	
21	<u>Base</u>	<u>Reduction Factor</u>	<u>Secondary Limit</u>	
22	\$350,000	- <u>\$</u>	= <u>\$</u>	

23 (c) If both subdivisions (a) and (b) of this paragraph apply to a
24 unified school district, its limit for the purposes of this paragraph is the
25 combination of its elementary limit and its secondary limit.

(d) If only subdivision (a) or (b) of this paragraph applies to a unified school district, the district's limit for the purposes of this paragraph is the sum of the limit computed as provided in subdivision (a) or (b) of this paragraph plus ten per cent of the revenue control limit attributable to those grade levels that do not meet the eligibility requirements of this subsection. If a school district budgets monies outside the revenue control limit pursuant to section 15-949, subsection E, the

1 district's limit for the purposes of this paragraph is only the ten per cent
2 of the revenue control limit attributable to those grade levels that are not
3 included under section 15-949, subsection E. For the purposes of this
4 subdivision, the revenue control limit is separated into elementary and
5 secondary components based on the weighted student count as provided in
6 section 15-971, subsection B, paragraph 2, subdivision (a).

7 2. If a school district utilizes ~~the provisions of~~ this subsection to
8 request an override of more than one year, the ballot shall include an
9 estimate of the amount of the proposed increase in the future years in place
10 of the statement that the amount of the proposed increase will be based on a
11 percentage of the school district's revenue control limit in future years, as
12 prescribed in subsections E and F of this section.

13 3. Notwithstanding subsection P of this section, the maximum period of
14 an override authorized pursuant to this subsection is five years.

15 4. Subsection P, paragraphs 1 and 2 of this section do not apply to
16 overrides authorized pursuant to this subsection.

17 I. If the election is to exceed the revenue control limit as provided
18 in section 15-482 and if the proposed increase will be fully funded by a levy
19 of taxes on the taxable property within the school district, the ballot shall
20 contain the words "budget increase, yes" and "budget increase, no", and the
21 voter shall signify the voter's desired choice. The ballot shall also
22 contain the amount of the proposed increase of the budget over the alternate
23 budget, a statement that the amount of the proposed increase will be based on
24 a percentage of the school district's revenue control limit in future years,
25 if applicable, as provided in subsection Q of this section, and the following
26 statement:

27 Any budget increase authorized by this election shall be
28 entirely funded by a levy of taxes on the taxable property within
29 this school district for the year for which adopted and for _____
30 subsequent years, shall not be realized from monies furnished by
31 the state and shall not be subject to the limitation on taxes
32 specified in article IX, section 18, Constitution of

1 Arizona. Based on an estimate of assessed valuation used for
2 secondary property tax purposes, to fund the proposed increase in
3 the school district's budget which will be funded by a levy of
4 taxes upon the taxable property within this school district would
5 require an estimated tax rate of _____ dollar per one
6 hundred dollars of assessed valuation used for secondary property
7 tax purposes and is in addition to the school district's tax rate
8 that will be levied to fund the school district's revenue control
9 limit allowed by law.

10 J. If the election is to exceed the revenue control limit as provided
11 in section 15-482 and if the proposed increase will be fully funded by
12 revenues other than a levy of taxes on the taxable property within the school
13 district, the ballot shall contain the words "budget increase, yes" and
14 "budget increase, no", and the voter shall signify the voter's desired
15 choice. The ballot shall also contain the amount of the proposed increase of
16 the proposed budget over the alternate budget, a statement that the amount of
17 the proposed increase will be based on a percentage of the school district's
18 revenue control limit in future years, if applicable, as provided in
19 subsection Q of this section and the following statement:

20 Any budget increase authorized by this election shall be
21 entirely funded by this school district with revenues from other
22 than a levy of taxes on the taxable property within the school
23 district for the year for which adopted and for _____ subsequent
24 years and shall not be realized from monies furnished by the
25 state.

26 K. The maximum budget increase that may be requested and authorized as
27 provided in subsection I or J of this section, or a combination of both of
28 these subsections, is five per cent of the revenue control limit as provided
29 in section 15-947, subsection A for the budget year. For a unified school
30 district, a common school district not within a high school district or a
31 common school district within a high school district that offers instruction
32 in high school subjects as provided in section 15-447, five per cent of the

1 revenue control limit means five per cent of the revenue control limit
2 attributable to the weighted student count in preschool programs for children
3 with disabilities, kindergarten programs and grades one through eight as
4 provided in section 15-971, subsection B.

5 L. If the election is to exceed the capital outlay revenue limit and
6 if the proposed increase will be fully funded by a levy of taxes upon the
7 taxable property within the school district, the ballot shall contain the
8 words "budget increase, yes" and "budget increase, no", and the voter shall
9 signify the voter's desired choice. An election held pursuant to this
10 subsection shall be held on the first Tuesday after the first Monday of
11 November. The ballot shall also contain the amount of the proposed increase
12 of the proposed budget over the alternate budget and the following statement:

13 Any budget increase authorized by this election shall be
14 entirely funded by a levy of taxes upon the taxable property
15 within this school district for the year in which adopted and for
16 _____ subsequent years, shall not be realized from monies
17 furnished by the state and shall not be subject to the limitation
18 on taxes specified in article IX, section 18, Constitution of
19 Arizona. Based on an estimate of assessed valuation used for
20 secondary property tax purposes, to fund the proposed increase in
21 the school district's budget would require an estimated tax rate
22 of _____ dollar per one hundred dollars of assessed
23 valuation used for secondary property tax purposes and is in
24 addition to the school district's tax rate which will be levied
25 to fund the school district's capital outlay revenue limit
26 allowed by law.

27 M. If the election is to exceed the capital outlay revenue limit and
28 if the proposed increase will be fully funded by revenues from other than a
29 levy of taxes upon the taxable property within the school district, the
30 ballot shall contain the words "budget increase, yes" and "budget increase,
31 no", and the voter shall signify the voter's desired choice. An election
32 held pursuant to this subsection shall be held on the first Tuesday after the

1 first Monday of November. The ballot shall also contain the amount of the
2 proposed increase of the proposed budget over the alternate budget and the
3 following statement:

4 Any budget increase authorized by this election shall be
5 entirely funded by this school district with revenues from other
6 than a levy of taxes on the taxable property within the school
7 district for the year in which adopted and for _____ subsequent
8 years and shall not be realized from monies furnished by the
9 state.

10 N. If the election is to exceed a combination of the revenue control
11 limit as provided in subsection E or F of this section, the revenue control
12 limit as provided in subsection I or J of this section or the capital outlay
13 revenue limit as provided in subsection L or M of this section, the ballot
14 shall be prepared so that the voters may vote on each proposed increase
15 separately and shall contain statements required in the same manner as if
16 each proposed increase were submitted separately.

17 O. If the election provides for a levy of taxes on the taxable
18 property within the school district, at least thirty days prior to the
19 election, the department of revenue shall provide the school district
20 governing board and the county school superintendent with an estimate of the
21 school district's assessed valuation used for secondary property tax purposes
22 for the ensuing fiscal year. The governing board and the county school
23 superintendent shall use this estimate to translate the amount of the
24 proposed dollar increase in the budget of the school district over that
25 allowed by law into a tax rate figure.

26 P. If the voters in a school district vote to adopt a budget in excess
27 of the revenue control limit as provided in subsection E or F of this
28 section, any additional increase shall be included in the aggregate budget
29 limit for each of the years authorized. Any additional increase shall be
30 excluded from the determination of equalization assistance. The school
31 district governing board ~~may~~, however, MAY levy on the assessed valuation
32 used for secondary property tax purposes of the property in the school

1 district the additional increase if adopted under subsection E of this
2 section for the period of one year, two years or five through seven years as
3 authorized. If an additional increase is approved as provided in subsection
4 F of this section, the school district governing board may only use revenues
5 derived from the school district's prior year's maintenance and operation
6 fund ending cash balance to fund the additional increase. If a budget
7 increase was previously authorized and will be in effect for the budget year
8 or budget year and subsequent years, as provided in subsection E or F of this
9 section, the governing board may request a new budget increase as provided in
10 the same subsection under which the prior budget increase was adopted, which
11 shall not exceed the maximum amount permitted under subsection G of this
12 section. If the voters in the school district authorize the new budget
13 increase amount, the existing budget increase no longer is in effect. If the
14 voters in the school district do not authorize the budget increase amount,
15 the existing budget increase remains in effect for the time period for which
16 it was authorized. The maximum additional increase authorized as provided in
17 subsection E or F of this section and the additional increase which is
18 included in the aggregate budget limit is based on a percentage of a school
19 district's revenue control limit in future years, if the budget increase is
20 authorized for more than one year. If the additional increase:

21 1. Is for two years, the proposed increase in the second year is equal
22 to the initial proposed percentage increase.

23 2. Is for five years or more, the proposed increase is equal to the
24 initial proposed percentage increase in the following years of the proposed
25 increase, except that in the next to last year it is two-thirds of the
26 initial proposed percentage increase and it is one-third of the initial
27 proposed percentage increase in the last year of the proposed increase.

28 Q. If the voters in a school district vote to adopt a budget in excess
29 of the revenue control limit as provided in subsection I or J of this
30 section, any additional increase shall be included in the aggregate budget
31 limit for each of the years authorized. Any additional increase shall be
32 excluded from the determination of equalization assistance. The school

1 district governing board, however, may levy on the assessed valuation used
2 for secondary property tax purposes of the property in the school district
3 the additional increase if adopted under subsection I of this section for the
4 period of one year, two years or five through seven years as authorized. If
5 an additional increase is approved as provided in subsection J of this
6 section, the increase may only be budgeted and expended if sufficient monies
7 are available in the maintenance and operation fund of the school district.
8 If a budget increase was previously authorized and will be in effect for the
9 budget year or budget year and subsequent years, as provided in subsection I
10 or J of this section, the governing board may request a new budget increase
11 as provided in the same subsection under which the prior budget increase was
12 adopted that does not exceed the maximum amount permitted under subsection K
13 of this section. If the voters in the school district authorize the new
14 budget increase amount, the existing budget increase no longer is in effect.
15 If the voters in the school district do not authorize the budget increase
16 amount, the existing budget increase remains in effect for the time period
17 for which it was authorized. The maximum additional increase authorized as
18 provided in subsection I or J of this section and the additional increase
19 that is included in the aggregate budget limit is based on a percentage of a
20 school district's revenue control limit in future years, if the budget
21 increase is authorized for more than one year. If the additional increase:

22 1. Is for two years, the proposed increase in the second year is equal
23 to the initial proposed percentage increase.

24 2. Is for five years or more, the proposed increase is equal to the
25 initial proposed percentage increase in the following years of the proposed
26 increase, except that in the next to last year it is two-thirds of the
27 initial proposed percentage increase and it is one-third of the initial
28 proposed percentage increase in the last year of the proposed increase.

29 R. If the voters in a school district vote to adopt a budget in excess
30 of the capital outlay revenue limit as provided in subsection L of this
31 section, any additional increase shall be included in the aggregate budget
32 limit for each of the years authorized. The additional increase shall be

1 excluded from the determination of equalization assistance. The school
2 district governing board ~~may~~, however, MAY levy on the assessed valuation
3 used for secondary property tax purposes of the property in the school
4 district the additional increase for the period authorized but not to exceed
5 ten years. For overrides approved by a vote of the qualified electors of the
6 school district at an election held from and after October 31, 1998, the
7 period of the additional increase prescribed in this subsection shall not
8 exceed seven years for any capital override election.

9 S. If the voters in a school district vote to adopt a budget in excess
10 of the capital outlay revenue limit as provided in subsection M of this
11 section, any additional increase shall be included in the aggregate budget
12 limit for each of the years authorized. The additional increase shall be
13 excluded from the determination of equalization assistance. The school
14 district governing board may only use revenues derived from the school
15 district's prior year's maintenance and operation fund ending cash balance
16 and capital outlay fund ending cash balance to fund the additional increase
17 for the period authorized but not to exceed ten years. For overrides
18 approved by a vote of the qualified electors of the school district at an
19 election held from and after October 31, 1998, the period of the additional
20 increase prescribed in this subsection shall not exceed seven years for any
21 capital override election.

22 T. In addition to subsections P and S of this section, from the
23 maintenance and operation fund and capital outlay fund ending cash balances,
24 the school district governing board shall first use any available revenues to
25 reduce its primary tax rate to zero and shall use any remaining revenues to
26 fund the additional increase authorized as provided in subsections F and M of
27 this section.

28 U. If the voters in a school district disapprove the proposed budget,
29 the alternate budget which, except for any budget increase authorized by a
30 prior election, does not include an increase in the budget in excess of the
31 amount provided in section 15-905 shall be adopted by the governing board as
32 provided in section 15-905.

1 V. The governing board may request that any override election be
2 cancelled if any change in chapter 9 of this title changes the amount of the
3 aggregate budget limit as provided in section 15-905. The request to cancel
4 the override election shall be made to the county school superintendent at
5 least ten days prior to the date of the scheduled override election.

6 W. For any election conducted pursuant to subsection L or M of this
7 section:

8 1. The ballot shall include the following statement in addition to any
9 other statement required by this section:

10 The capital improvements that are proposed to be funded
11 through this override election are to exceed the state standards
12 and are in addition to monies provided by the state.

13 _____ school district is proposing to increase its
14 budget by \$_____ to fund capital improvements over and above
15 those funded by the state. Under the students first capital
16 funding system, _____ school district is entitled to state
17 monies for building renewal, new construction and renovation of
18 school buildings in accordance with state law.

19 2. The ballot shall contain the words "budget increase, yes" and
20 "budget increase, no", and the voter shall signify the voter's desired
21 choice.

22 3. At least eighty-five days before the election, the school district
23 shall submit proposed ballot language to the director of the Arizona
24 legislative council. The director of the Arizona legislative council shall
25 review the proposed ballot language to determine whether the proposed ballot
26 language complies with this section. If the director of the Arizona
27 legislative council determines that the proposed ballot language does not
28 comply with this section, the director, within ten calendar days of the
29 receipt of the proposed ballot language, shall notify the school district of
30 the director's objections and the school district shall resubmit revised
31 ballot language to the director for approval.

1 X. If the voters approve the budget increase pursuant to subsection L
2 or M of this section, the school district shall not use the override proceeds
3 for any purposes other than the proposed capital improvements listed in the
4 publicity pamphlet, except that up to ten per cent of the override proceeds
5 may be used for general capital expenses, including cost overruns of proposed
6 capital improvements.

7 Y. Each school district that currently increases its budget pursuant
8 to subsection L or M of this section is required to hold a public meeting
9 each year between September 1 and October 31 at which an update of the
10 progress of capital improvements financed through the override is discussed
11 and at which the public is permitted an opportunity to comment. At a
12 minimum, the update shall include a comparison of the current status and the
13 original projections on the construction of capital improvements, the costs
14 of capital improvements and the costs of capital improvements in progress or
15 completed since the prior meeting and the future capital plans of the school
16 district. The school district shall include in the public meeting a
17 discussion of the school district's use of state capital aid and
18 voter-approved bonding in funding capital improvements, if any.

19 Z. If a budget in excess of the capital outlay revenue limit was
20 previously adopted by the voters in a school district and will be in effect
21 for the budget year or budget year and subsequent years, as provided in
22 subsection L or M of this section, the governing board may request an
23 additional budget in excess of the capital outlay revenue limit. If the
24 voters in a school district authorize the additional budget in excess of the
25 capital outlay revenue limit, the existing capital outlay revenue limit
26 budget increase remains in effect.

27 AA. NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION, A SCHOOL
28 DISTRICT SHALL NOT CONDUCT AN ELECTION PURSUANT TO THIS SECTION THAT PROVIDES
29 FOR A LEVY OF TAXES ON THE TAXABLE PROPERTY WITHIN THE SCHOOL DISTRICT IF ALL
30 OF THE FOLLOWING CONDITIONS APPLY:

1 1. THE SCHOOL DISTRICT IS A UNIFIED SCHOOL DISTRICT THAT IS PARTIALLY
2 LOCATED ON AN INDIAN RESERVATION.

3 2. THE SCHOOL DISTRICT'S AVERAGE DAILY MEMBERSHIP FOR THE 2006-2007
4 SCHOOL YEAR WAS LESS THAN THREE HUNDRED FIFTY PUPILS.

5 3. THE SCHOOL DISTRICT OVEREXPENDED ITS BUDGET DURING FISCAL YEAR
6 2006-2007 AND THE TOTAL AMOUNT OF THE CORRECTION THAT WOULD OTHERWISE BE
7 REQUIRED UNDER SECTION 15-915 FOR FISCAL YEAR 2006-2007 IS MORE THAN ONE
8 MILLION TWO HUNDRED THOUSAND DOLLARS BUT LESS THAN ONE MILLION EIGHT HUNDRED
9 THOUSAND DOLLARS.

10 4. AS A RESULT OF AN ELECTION CONDUCTED DURING 2009 OR 2010, THE
11 BOUNDARIES OF THE SCHOOL DISTRICT ARE CHANGED PURSUANT TO SECTION 15-460 TO
12 EXCLUDE FROM THE SCHOOL DISTRICT ALL REAL PROPERTY NOT LOCATED ON THE INDIAN
13 RESERVATION.

14 Sec. 2. Section 15-491, Arizona Revised Statutes, is amended to read:
15 15-491. Elections on school property; exceptions

16 A. The governing board of a school district may, and upon petition of
17 fifteen per cent of the school electors as shown by the poll list at the last
18 preceding annual school election shall, call an election for the following
19 purposes:

20 1. To locate or change the location of school buildings.

21 2. To purchase or sell school sites or buildings or sell school sites
22 pursuant to section 15-342 or to build school buildings, but the
23 authorization by vote of the school district shall not necessarily specify
24 the site to be purchased.

25 3. To decide whether the bonds of the school district shall be issued
26 and sold for the purpose of raising money for purchasing or leasing school
27 lots, for building or renovating school buildings, for improving school
28 grounds, for purchasing pupil transportation vehicles or for liquidating any
29 indebtedness already incurred for such purposes. Except as provided in
30 section 15-1021, subsection H, the proceeds of class B bonds or impact aid
31 revenue bonds shall not be used for soft capital purposes except for pupil
32 transportation vehicles. A school district shall not issue class B bonds

1 until the school district has obligated in contract the entire proceeds of
2 any class A bonds issued by the school district. The total amount of class A
3 and class B bonds issued by a school district shall not exceed the debt
4 limitations prescribed in article IX, sections 8 and 8.1, Constitution of
5 Arizona.

6 4. To lease for five or more years, as lessor or as lessee, school
7 buildings or grounds. Approval by a majority of the school district electors
8 voting authorizes the governing board to negotiate for and enter into a
9 lease. The ballot shall list the school buildings or grounds for which a
10 lease is sought. If the governing board does not enter into a lease of five
11 or more years of the school buildings or grounds listed on the ballot within
12 five years of the date of the election and the board continues to seek such a
13 lease, the governing board shall call a special election to reauthorize the
14 board to negotiate for and to enter into a lease of five or more years.

15 B. No petition shall be required for the holding of the first election
16 to be held in a joint common school district for any of the purposes
17 specified in subsection A of this section. The notice of election required
18 by section 15-492 shall be published in each of the counties which comprise
19 the joint common school district. The certification of election results
20 required by section 15-493 shall be made to the board of supervisors of the
21 jurisdictional county.

22 C. When the election is called to determine whether or not bonds of
23 the school district shall be issued and sold for the purposes enumerated in
24 the call for the election, the question shall be submitted to the vote of the
25 qualified electors of the school district as defined in section 15-401 and
26 subject to section 15-402.

27 D. The governing board shall order the election to be held in the
28 manner prescribed in title 35, chapter 3, article 3. If a petition for an
29 election has been filed with the governing board as provided in subsection A
30 of this section, the board shall act upon the petition within sixty days by
31 ordering the election to be held as provided in this subsection. If a school
32 district bond election is scheduled for the same date a school district will

1 hold an override election, the governing body shall deliver a copy of the
2 notice of election and ballot to the county school superintendent who shall
3 include the notice of election and ballot with the information report and
4 ballot prepared for the override election. Mailing of the information
5 required for both the override and bond elections shall constitute compliance
6 with the notice provisions of this section.

7 E. The elections to be held pursuant to this section shall only be
8 held on dates prescribed by section 16-204, except that elections held
9 pursuant to this section to decide whether class B bonds shall be issued, or
10 any other obligation incurred that will require the assessment of secondary
11 property taxes, shall only be held on the first Tuesday after the first
12 Monday of November.

13 F. Subsection A, paragraph 2 of this section does not apply to the
14 sale of school property if the market value of the school property is less
15 than fifty thousand dollars.

16 G. Bond counsel fees, financial advisory fees, printing costs and
17 paying agent and registrar fees for bonds issued pursuant to an election
18 under this section shall be paid from either the amount authorized by the
19 qualified electors of the school district or current operating funds. Bond
20 election expenses shall be paid from current operating funds only.

21 H. For any election conducted to decide whether class B bonds will be
22 issued pursuant to this section:

23 1. Except as provided in paragraph 2 of this subsection, the ballot
24 shall include the following statement:

25 The capital improvements that are proposed to be funded
26 through this bond issuance are to exceed the state standards and
27 are in addition to monies provided by the state.

28 _____ school district is proposing to issue class B
29 general obligation bonds totaling \$_____ to fund capital
30 improvements over and above those funded by the state. Under the
31 students first capital funding system, _____ school district
32 is entitled to state monies for building renewal, new

1 construction and renovation of school buildings in accordance
2 with state law.

3 2. For a school district that is a joint technological education
4 district, the ballot shall include the following statement:

5 _____, a joint technological education district, is
6 proposing to issue class B general obligation bonds totaling
7 \$_____ to fund capital improvements at a campus owned or
8 operated and maintained by the joint technological education
9 district.

10 3. The ballot shall contain the words "bond approval, yes" and "bond
11 approval, no", and the voter shall signify the voter's desired choice.

12 4. The ballot shall also contain the phrase "the issuance of these
13 bonds will result in an annual levy of property taxes sufficient to pay the
14 debt on the bonds".

15 5. At least eighty-five days before the election, the school district
16 shall submit proposed ballot language to the director of the Arizona
17 legislative council. The director of the Arizona legislative council shall
18 review the proposed ballot language to determine whether the proposed ballot
19 language complies with this section. If the director of the Arizona
20 legislative council determines that the proposed ballot language does not
21 comply with this section, the director, within ten calendar days of the
22 receipt of the proposed ballot language, shall notify the school district of
23 the director's objections and the school district shall resubmit revised
24 ballot language to the director for approval.

25 6. No later than thirty-five days before a class B bond election
26 conducted pursuant to this section, the school district shall mail a
27 publicity pamphlet to each household that contains a qualified elector in the
28 school district. The publicity pamphlet shall contain, at a minimum, the
29 following information:

30 (a) An executive summary of the school district's most recent capital
31 plan submitted to the school facilities board.

1 (b) A complete list of each proposed capital improvement that will be
2 funded with the proceeds of the bonds and a description of the proposed cost
3 of each improvement, including a separate aggregation of capital improvements
4 for administrative purposes as defined by the school facilities board.

5 (c) The tax rate associated with each of the proposed capital
6 improvements and the estimated cost of each capital improvement for the owner
7 of a single family home that is valued at one hundred thousand dollars.

8 I. For any election conducted to decide whether impact aid revenue
9 bonds shall be issued pursuant to this section:

10 1. The ballot shall include the following statement:

11 The capital improvements that are proposed to be funded
12 through this bond issuance are to exceed the state standards and
13 are in addition to monies provided by the state.

14 _____ school district is proposing to issue impact aid
15 revenue bonds totaling \$_____ to fund capital improvements
16 over and above those funded by the state. Under the students
17 first capital funding system, _____ school district is
18 entitled to state monies for building renewal, new construction
19 and renovation of school buildings in accordance with state law.

20 2. The ballot shall contain the words "bond approval, yes" and "bond
21 approval, no", and the voter shall signify the voter's desired choice.

22 3. At least eighty-five days before the election, the school district
23 shall submit proposed ballot language to the director of the legislative
24 council. The director of the legislative council shall review the proposed
25 ballot language to determine whether the proposed ballot language complies
26 with this section. If the director of the legislative council determines
27 that the proposed ballot language does not comply with this section, the
28 director, within ten calendar days of the receipt of the proposed ballot
29 language, shall notify the school district of the director's objections and
30 the school district shall resubmit revised ballot language to the director
31 for approval.

1 4. No later than thirty-five days before an impact aid revenue bond
2 election conducted pursuant to this section, the school district shall mail a
3 publicity pamphlet to each household that contains a qualified elector in the
4 school district. The publicity pamphlet shall contain, at a minimum, the
5 following information:

6 (a) The date of the election.

7 (b) The voter's polling place and the times it is open.

8 (c) An executive summary of the school district's most recent capital
9 plan submitted to the school facilities board.

10 (d) A complete list of each proposed capital improvement that will be
11 funded with the proceeds of the bonds and a description of the proposed cost
12 of each improvement, including a separate aggregation of capital improvements
13 for administrative purposes as defined by the school facilities board.

14 (e) A statement that impact aid revenue bonds will be fully funded by
15 aid that the school district receives from the federal government and do not
16 require a levy of taxes in the district.

17 (f) A statement that if the bonds are approved the first priority for
18 the impact aid will be to pay the debt service for the bonds and that other
19 uses of the monies are prohibited until the debt service obligation is met.

20 (g) A statement that if the impact aid revenue bonds are approved, the
21 school district shall not issue or sell class B bonds while the district has
22 existing indebtedness from impact aid revenue bonds, except for bonds issued
23 to refund any bonds issued by the board.

24 J. If the voters approve the issuance of school district class B bonds
25 or impact aid revenue bonds, the school district shall not use the bond
26 proceeds for any purposes other than the proposed capital improvements listed
27 in the publicity pamphlet, except that up to ten per cent of the bond
28 proceeds may be used for general capital expenses, including cost overruns of
29 proposed capital improvements.

30 K. Each school district that issues bonds under this section is
31 required to hold a public meeting each year between September 1 and October
32 31, until the bond proceeds are spent, at which an update of the progress of

capital improvements financed through bonding is discussed and at which the public is permitted an opportunity to comment. At a minimum, the update shall include a comparison of the current status and the original projections on the construction of capital improvements, the costs of capital improvements and the costs of capital improvements in progress or completed since the prior meeting and the future capital bonding plans of the school district. The school district shall include in the public meeting a discussion of the school district's use of state capital aid and voter-approved capital overrides in funding capital improvements, if any.

L. NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION, A SCHOOL DISTRICT SHALL NOT CONDUCT AN ELECTION PURSUANT TO THIS SECTION TO ISSUE CLASS B BONDS IF ALL OF THE FOLLOWING CONDITIONS APPLY:

1. THE SCHOOL DISTRICT IS A UNIFIED SCHOOL DISTRICT THAT IS PARTIALLY LOCATED ON AN INDIAN RESERVATION.

2. THE SCHOOL DISTRICT'S AVERAGE DAILY MEMBERSHIP FOR THE 2006-2007 SCHOOL YEAR WAS LESS THAN THREE HUNDRED FIFTY PUPILS.

3. THE SCHOOL DISTRICT OVEREXPENDED ITS BUDGET DURING FISCAL YEAR 2006-2007 AND THE TOTAL AMOUNT OF THE CORRECTION THAT WOULD OTHERWISE BE REQUIRED UNDER SECTION 15-915 FOR FISCAL YEAR 2006-2007 IS MORE THAN ONE MILLION TWO HUNDRED THOUSAND DOLLARS BUT LESS THAN ONE MILLION EIGHT HUNDRED THOUSAND DOLLARS.

4. AS A RESULT OF AN ELECTION CONDUCTED DURING 2009 OR 2010, THE BOUNDARIES OF THE SCHOOL DISTRICT ARE CHANGED PURSUANT TO SECTION 15-460 TO EXCLUDE FROM THE SCHOOL DISTRICT ALL REAL PROPERTY NOT LOCATED ON THE INDIAN RESERVATION."

Renumber to conform

Page 1, line 4, before "Notwithstanding" insert "A."

Line 18, strike "20__" insert "2010"

After line 20, insert:

"B. Notwithstanding any other law, if the boundaries of the school district are changed pursuant to subsection A, paragraph 4 of this section to exclude from the school district all real property not located on the Indian

1 reservation, the owners of real property that was excluded from the school
2 district as the result of the election shall continue to be responsible for
3 the payment of property taxes on behalf of the school district for the
4 following purposes:

5 1. The payment of any budget increase of the school district that was
6 authorized by an override election that was conducted before the effective
7 date of this section. The owners of real property that was excluded from the
8 school district shall continue to be responsible for the payment of property
9 taxes pursuant to this subdivision on behalf of the school district for the
10 duration of the previously authorized budget increase.

11 2. The payment of any bonds issued by the school district before the
12 effective date of this section. The owners of the real property that was
13 excluded from the school district shall continue to be responsible for the
14 payment of property taxes pursuant to this subdivision for the duration of
15 the previously authorized bond issuance."

16 Amend title to conform

and, as so amended, it do pass

JOHN KAVANAGH
Chairman

2515-approps
3/18/09
H:jjb